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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Report of the Ad Hoc Working Group on Trade Efficiency on its second session

held at the Palais des Nations, Geneva
from 15 to 19 November 1993

UNITED NATIONS

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INTRODUCTION

1. The Ad Hoc Working Group on Trade Efficiency, established in accordance with paragraph 79 of the Cartagena Commitment (TD/364), held its second session at the Palais des Nations, Geneva, from 15 to 19 November 1993. In the course of the session, the Ad Hoc Working Group held three formal and nine informal meetings.

Opening statements

2. The **Chairperson** said that the work of the Ad Hoc Working Group was based on the Cartagena Commitment, which was a commitment to a new partnership for development and embodied the spirit of Cartagena: absolute equality, full participation of sovereign nations, and redirection of UNCTAD activities to ensure that they were of direct benefit to member countries.

3. The Trade Efficiency Programme had three immediate benefits - improving market access, increasing the transfer of technology, and increasing participation in global trade. Any one of these was by itself a commendable accomplishment. Collectively, the three formed an extraordinary achievement.

4. There existed considerable synergy for trade. Synergy referred to a situation where the whole was greater than the sum of its parts, and the synergy created by the Ad Hoc Working Group was greater than could have been expected. Originally, there were to have been 16 pilot trade points, but now 50 or 60 trade points were foreseen by the time of the United Nations International Symposium on Trade Efficiency in October 1994. "Synergy for trade" could be the Group's new motto.

5. UNCTAD was to be commended for its cooperation, both with delegations and across the United Nations system. That cooperation had helped produce synergy and generate a programme which, by expanding global trade, would change the world.

6. The **Deputy to the Secretary-General of UNCTAD** said that the discussions of the Ad Hoc Working Group on better business practices would be of direct assistance in identifying the domains in which trade efficiency could best be fostered through practical improvements in trade practices. However, beyond the immediate substantive results of these discussions, the Group's approach to this item would be highly valuable in two additional respects. First, it would indicate whether the method of work adopted in this particular area should be replicated in other sectors of interest to UNCTAD's programme of work in the area of trade efficiency. Secondly, it would allow the Economic Commission for Europe and UNCTAD to illustrate in a concrete and action-oriented fashion the cooperative spirit in which they had been collaborating in this important area of work. It would be useful to know whether and to what extent similar cooperative arrangements should be pursued with relevant institutions in other sectors of interest.

7. The Group would also be discussing important information in connection with the first evaluation of the trade point programme. Those discussions would benefit from the presence of several trade point directors and coordinators, on whom much of the work and the responsibility for the trade point programme were resting. The interest of member Governments in the trade

point programme had not ceased to increase since UNCTAD VIII, as witnessed by the some 50 requests received by the secretariat to establish trade points. On the other hand, however, and contrary to initial expectations, extra-budgetary resources had not increased at the same pace as demands for trade points, which meant doing more with less. In such a situation, no duplication or hesitation could be permitted.

8. The Group would also be assessing the progress made in preparing for the United Nations International Symposium on Trade Efficiency, to be held in Columbus, Ohio, from 17 to 21 October 1994. The time remaining to prepare for a meeting of this importance was very short, and a number of issues were still unresolved, both from a practical and from a substantive point of view. It was hoped that the Working Group's session would contribute to clarifying such issues and proposing practical solutions.

Chapter I

FACILITATING TRADE

(Agenda item 2)

9. For its consideration of this item, the Ad Hoc Working Group had before it the following documentation:

"Compendium of trade facilitation recommendations: note by the UNCTAD secretariat" (TD/B/WG.2/6);

"Draft guidelines on better trade practices: report prepared by SITPRO (Simpler Trade Procedures Board of the United Kingdom)" (TD/B/WG.2/6/Add.1/Parts I and II).

10. At its opening plenary, the Working Group decided to pursue its consideration of this item in informal meetings.

11. The Chairman of the Group of Experts No. 1 of the ECE Working Party on Facilitation of International Trade Procedures and a member of the ECE secretariat made a presentation on the objectives and current activities related to trade facilitation and to the use of electronic data interchange (EDI) for simpler trade procedures.

12. The secretariat introduced the "Compendium of trade facilitation recommendations", which was found to be a valuable reference document for those involved in the facilitation of trade procedures. It was agreed that an index would be added to the Compendium and, to the extent possible, an indication of the countries which had ratified or accepted the instruments quoted in the compendium.

13. Some delegations expressed the view that some recommendations in the Compendium relating to the discontinuation of preshipment inspection (PSI) (in particular, recommendations 1.2, 1.3 and 1.42) were not in conformity with the provisions of the Agreement on Preshipment Inspection agreed to on a provisional basis in the framework of the Uruguay Round. Germany indicated that the draft Agreement was only intended to regulate PSI in cases when the latter was requested by a Government. It was agreed that the views expressed would be brought to the attention of the Working Party on Facilitation of International Trade Procedures, from which the recommendations concerned emanated. Reference to this would be made in general terms in a cover note for the Compendium.

14. The Ad Hoc Working Group agreed that the Compendium was a catalogue of existing recommended measures that constituted a useful tool for more efficient trade and, as such, should be included, in all official languages, in the background documentation to be made available in the 1994 International Symposium on Trade Efficiency.

15. A member of the United Kingdom delegation introduced document TD/B/WG.2/6/Add.1, which included draft Guidelines for Better Business Practices. It was agreed that delegations would submit the document to their experts and that a substantive discussion would take place at the third session of the Ad Hoc Working Group.

16. The Ad Hoc Working Group agreed that the method of work adopted for the sector on procedures should be followed for the preparation of the presentations to the Symposium in the other sectors of trade efficiency.

17. With regard to future cooperation between UNCTAD and ECE, the Ad Hoc Working Group agreed that the Bureau of the Working Group should hold consultations with the Bureau of the ECE Working Party on Facilitation of International Trade Procedures in order to identify further means of cooperation with a view to implementing international standards liable to enhance trade efficiency.

Chapter II

FIRST EVALUATION OF THE TRADE POINT PROGRAMME

(Agenda item 3)

18. For its consideration of this item, the Ad Hoc Working Group had before it the following documentation:

"First evaluation of the trade point programme: note by the UNCTAD secretariat" (TD/B/WG.2/7 and Add.1).

19. At its opening plenary, the Working Group decided to pursue its consideration of this item in informal meetings.

20. At its closing plenary, on 19 November 1993, the **Working Group** adopted the Chairman's summary on the "First evaluation of trade points" (see annex I).

21. The representative of **Egypt** said he had hoped that the adoption of the text on trade points would be given greater emphasis, in line with the hopes engendered by the programme. With regard to future sessions of the Working Group, meetings should be official in order to ensure their coverage in the Group's report.

22. The **Chairman** said that it would be important to determine how to handle recommendations made by trade point directors in order to be able to compile a complete body of recommendations on the establishment and operation of trade points. The secretariat might wish to reflect on the matter in time for the Group's third session.

23. The representative of **Algeria** said that a number of Arab countries were interested in establishing trade points, as well as creating a network linking trade points with a view to promoting trade both regionally and globally. She therefore called on international and regional financial organizations to provide the necessary funding and on UNCTAD to provide the appropriate technical assistance.

Chapter III

PREPARATORY WORK FOR THE UNITED NATIONS INTERNATIONAL SYMPOSIUM ON TRADE EFFICIENCY

(Agenda item 4)

24. For its consideration of this item, the Ad Hoc Working Group had before it the following documentation:

"Progress report on the preparations for the United Nations International Symposium on Trade Efficiency: note by the UNCTAD secretariat" (TD/B/WG.2/8).

25. At its opening plenary, the Working Group decided to pursue its consideration of this item in informal meetings.

26. At the Group's closing plenary, on 19 November 1993, a **representative of the UNCTAD secretariat** reported that the Core Advisory Group of Experts (CAGE) had met twice during the Working Group's session and was now in a position to play a central role in the work of the Working Group and in preparations for the International Symposium in terms of the preparation of documentation for the Working Group's third session and the selection of solutions to be presented at the Symposium.

27. Also at its closing plenary, the **Working Group** adopted the Chairman's draft on "Preparations for the United Nations Symposium on Trade Efficiency" (for the adopted text, see annex II).

28. The representative of **Nepal**, speaking on behalf of the **least developed countries**, expressed appreciation to the Government of the United States for its generosity in providing assistance to the LDCs to participate in the International Symposium. The LDCs requested other donor countries to extend similar assistance, as they had done on other occasions. The LDCs attached great importance to the Symposium, and they would be interested in attending in strength to take full advantage of the occasion.

29. The **Chairperson** said that increased generosity from donors to help LDCs attend the Symposium would be important, and other developing countries might also be in a position to make small contributions as well.

Closing statements

30. The **Chairperson** said that the Working Group was breaking new ground in terms of establishing close cooperation with a sister organization and pulling together strands from the United Nations system, involving private sector advisers, and looking at real-world issues in a practical way. The aim was to lower the cost of business transactions, which in many cases involved intergovernmental action, and encourage new entrants into international trade.

31. The spokesman for the **Latin American and Caribbean Group** (Mexico) said that the Working Group's session had been extremely useful for countries with trade points or about to establish them.

32. The spokesperson for the **Group of 77** (Algeria) said that the results of the Group's session represented a step forward. It was to be hoped that the Group's third session would prove decisive for the trade points programme and that the Symposium would prove successful. It would be important, at future meetings, to provide documentation in all languages.

33. The representative of **Greece**, speaking on behalf of the **European Union and its member States**, said that the Group's session had been innovative and useful. The European Union and its member States would support all efforts to ensure the success of the Group's third session and of the Symposium itself.

34. The spokesman for the **Asian Group** (India) drew attention to the need for increased resources for the Special Programme on Trade Efficiency in general and technical assistance in particular. The exchange of experience during the Working Group's session had been extremely relevant, and she expressed appreciation for the consensus that had emerged on the Symposium, which reflected the aspirations of all countries present.

35. The representative of **Egypt** expressed the hope that the Symposium would be successful and emphasized the importance of receiving documentation for future meetings in good time.

36. The representative of **China** said that his delegation had appreciated the opportunity to make contact with delegations from countries with trade points.

Chapter IV

ORGANIZATIONAL MATTERS

A. Opening of the session

37. The second session of the Ad Hoc Working Group was opened on 15 November 1993 by the Chairman of the Group.

B. Bureau of the Ad Hoc Working Group

38. The Bureau of the Ad Hoc Working Group was as elected at the Group's first session, except that Mr. A. Moschini (Argentina) was replaced by Mr. J. Perez Gabilondo (Argentina) and Mr. A. Filippov (Russian Federation) was replaced by Mr. Y. Afanassiev (Russian Federation) as Vice-Chairmen. The Bureau was thus as follows:

Chairman:	Mrs. E. Shelton	(United States of America)
Vice-Chairmen:	Mr. A.-R. Al Sohaibani	(Saudi Arabia)
	Mr. E. Dreyfous	(France)
	Mr. M. Kisiri	(United Republic of Tanzania)
	Mr. J. Perez Gabilondo	(Argentina)
	Mr. Y. Afanassiev	(Russian Federation)
Rapporteur:	Mr. A. Brahime	(Morocco)

C. Adoption of the agenda and organization of work

(Agenda item 1)

39. At the opening plenary of its second session, the Ad Hoc Working Group adopted its provisional agenda (TD/B/WG.2/5), as follows:

1. Adoption of the agenda and organization of work
2. Facilitating trade
3. First evaluation of the trade point programme
4. Preparatory work for the United Nations International Symposium on Trade Efficiency
5. Provisional agenda for the third session of the Working Group
6. Other business
7. Adoption of the report of the Working Group to the Board.

D. Provisional agenda for the third session of the Working Group

(Agenda item 5)

40. The **Chairman**, introducing a draft provisional agenda, said that the third session of the Working Group would in fact comprise three elements - the third session proper, Workshop 2 as agreed in the Working Group's work programme, and the preparatory meeting for the International Symposium. With regard to the item on guidelines on key sectors for trade efficiency, the aim would be to produce a consensus text containing non-binding guidelines based on recommendations already approved by Governments in various fora. Documentation for the third session would be distributed well in advance.

41. The representative of **Brazil** said that, since the issue of technology and trade was to be one of the themes for the ministerial segment of the International Symposium, that issue should be reflected in the provisional agenda.

42. The **Chairman** said that the topic would be dealt with as an integral part of the discussion on each individual sector.

43. At its plenary meeting on 19 November 1993, the **Working Group** adopted the provisional agenda for its third session (see annex III).

44. The **Working Group** further recommended to the Board that its third session be held in May 1994, before the Board's mid-term review, for a period of five days but with the possibility of extending to eight days.

E. Adoption of the report of the Working Group to the Board

(Agenda item 7)

45. The representative of **China**, referring to the Working Group's draft report (TD/B/WG.2/L.4), regretted that it had not been possible to provide some substantive parts of the report at the time of its adoption, and he hoped that this situation could be improved in future.

46. At its closing plenary, on 19 November 1993, the **Working Group** adopted its draft report and authorized the Rapporteur to complete the report as appropriate in the light of proceedings at the closing plenary.

Annex I

FIRST EVALUATION OF TRADE POINTS

Chairman's summary

A. TRADE POINT STATUS

On 17 and 18 November 1993, several countries gave presentations on the status of their trade points (TP) at the second session of the Ad Hoc Working Group on Trade Efficiency. The following is a summary, in order of presentation.

THAILAND

Trade point location: Bangkok

Status: The Bangkok Trade Point was inaugurated in October 1993. The Trade Point has used 120 University (often MBA) students to gather data and disseminate it to the private sector. It found this to be advantageous in terms of cost and effectiveness. It is also looking toward the future, since these students are part of the next generation of Thai entrepreneurs.

The Trade Point uses ETO (Electronic Trade Opportunities). The number of trade opportunities registered has increased from 400 in June 1993 to 4,000. The number will reach 7,000 by the end of the year.

The Bangkok TP has 44 booths which service providers can rent out for US$ 40,000 per year. For this price, they receive furnished offices and use of all TP facilities, including ETO and videoconferencing.

The cost of establishing the TP was approximately US$ 1 million (including US$ 200,000 running costs for the first year).

Thailand plans to set up regional trade points in the future, as well as trade points for particular products. The first product-specific trade point planned is for jewellery in 1994.

ALGERIA

Trade point location: Algiers

Status: Premises and telecommunication links have been established. Presence of the Investment Promotion Agency and introduction of public-private sector joint venture to further trade efficiency. Participants' offices are in place. The Trade Point should be inaugurated at the end of November 1993. The cost of establishing the TP is estimated at US$ 200,000.

GERMANY

Trade point location: Rostock

Status: The premises have been selected. The trade point Manager is currently in the process of coordinating various institutions. Inauguration is expected in the Spring of 1994.

BRAZIL

Trade point locations: Campinas and Porto Alegre

Status: The Campinas Trade Point is located at the airport (250 sq.m.). The preliminary budget is $86,000. The expected inauguration date is 20 December 1993. The Porto Alegre Trade Point is also expected to be inaugurated in December during an UNCTAD mission to Brazil.

CHILE

Trade point location: Santiago

Status: There was an UNCTAD mission in May 1993. Since then, the project has evolved in its institutional aspects. Currently, they are putting the final touches so as to make Trade Point Chile official as a shareholding company.

CHINA

Trade point location: Shanghai

Status: The leadership question has been settled. The vice-mayor of Shanghai is Chairman of the Trade Efficiency Association. Other members include representatives from the Ministry of Foreign Trade and Economic Co-operation (MOFTEC), the Shanghai Foreign Economic Relations and Trade Commission, the Shanghai branch of the People's Bank of China, Shanghai Customs, and the Shanghai Import and Export Commodity Inspection Bureau. Premises are being developed (approximately 750 sq.m.). The TP is financed by the Government and is expected to become operational in March 1994.

COLOMBIA

Trade point locations: Cartagena and 53 other towns

Status: The first trade point was established in Cartagena in February 1992. Currently, 14 trade points are in operation around the country. By January, it is expected that 54 will be in operation. The response to the trade points has been very enthusiastic. Thousands of traders have utilized trade point services.

EGYPT

Trade point location: Cairo

Status: The Egyptian Government has earmarked US$ 600,000 for trade point start-up costs, including costs of electronic equipment. The UNCTAD-suggested layout was used as the model for the premises. The TP site is hooked up to AT&T Easylink and has begun sending messages. Software has been developed for the TP by local programmers. The first stage of operation begins at the end of 1993.

UNITED STATES OF AMERICA

Trade point location: Columbus, Ohio

Status: The essentially virtual (i.e. electronically connected) trade point was inaugurated in October 1993. It is concentrating on trade information.

In the United States, there are over 1,000 private and public organizations which have trade opportunities information. This is overwhelming for the small and medium-sized company. The trade point can bring this information together in one place. Moreover, the TP will make sure that its databases contain only real trade opportunities.

FINLAND

Trade point location: Helsinki

Status: One week ago, the Finnish Government announced its decision to establish and finance a virtual TP in Helsinki and to finance the creation of physical TPs in Ukraine and Estonia. All three TPs will be based on UN/ECE WP4 standards.

UKRAINE

Trade point location: Kiev

Status: To be established by Finland. The TP will focus on information provision and on assisting traders with trade documentation, particularly electronic messages.

ESTONIA

Trade point location: Tallinn

Status: To be established by Finland. The TP will focus on information provision and on assisting traders with trade documentation, particularly electronic messages.

HUNGARY

Trade point location: probably Budapest

Status: A core group of people interested in promoting the trade point have been called together. This includes government organizations such as the Ministries of Foreign Affairs and of Transport, Customs, banks, transportation companies, the Chamber of Commerce, insurance companies, etc. The group is having some difficulty resolving the legal framework of an institution blending private and public sector. They also have some financial problems, since companies in Hungary do not have the funds to invest in a project with non-immediate returns.

INDIA

Trade point location: New Delhi

Status: The TP is planned for inauguration in January 1994. It will be located in the National Center for Trade Information (NCTI) which is being created with the involvement and participation of the India Trade Promotion Organization (ITPO) and the National Information Centre (NIC). The participation of the ITPO and the NIC would enable linking of the communications infrastructure and trade opportunity databases which will facilitate the activities of the trade point. India is considering opening additional TPs next year.

IRAN

The Government is interested in setting up a trade point and would appreciate guidance from UNCTAD as soon as possible.

MOROCCO

Trade point location: Casablanca

Status: A transitional TP will be running by the end of 1993. The permanent TP will be part of the Moroccan Centre for International Trade, to be located in a building currently under construction. The Centre will include an exhibition hall of approximately 10,000 sq.m. and a conference centre seating 1,500 people. Construction will be finished at the end of 1994.

MAURITANIA

Trade point locations: Nouakchott and Nouadhibou

Status: The country is in the advanced stages of negotiation with UNCTAD. Two seminars on trade efficiency and facilitation procedures were organized in 1992 and 1993 with the participation of UNCTAD. A TP pilot committee, including representatives of banks, insurance companies, Customs, etc., has been set up. A trade information service has been created at Customs as part of the ASYCUDA project.

PHILIPPINES

Trade point locations: Manila and eventually 89 other sites across the numerous islands.

Status: The Manila TP is operational. It is temporarily housed at the Chamber of Commerce. The physical facilities will be ready in February 1994. The TP has ETO and many other databases. By the time of the Symposium seven interlinked TPs are expected. By the end of 1996, that number should increase to 90.

ROMANIA

Trade point location: Bucharest.

Status: The Bucharest TP should be operational in early 1994. It will be the hub of 42 TPs to be established in each of the Romanian regions.

UNITED KINGDOM

Trade point location: three trial TPs will be operational in 1994 (Bristol, Thames Valley, Birmingham).

Status: The TPs will use existing facilities. These three virtual TPs are now starting with trials of EDI.

SRI LANKA

Trade point location: Colombo.

Status: The country is in the process of setting up the local Trade Efficiency Association. They hope to start the TP early next year. They are also interested in creating a product-specific TP for gems and jewellery.

TUNISIA

Trade point location: Tunis

Status: The TP has been operational since July 1993. Most users are small and medium-sized enterprises (SMEs). The total initial cost was estimated at US$ 100,000. In October, the TP was present at the Afro-Arab trade fair in Tunis. The TP is located at CEPEX (Centre de promotion des exportations). Information on markets, products, prices and importers/exporters is readily available.

B. OBSERVATIONS

During the course of their presentations, delegates made the following observations concerning the role of trade points in supporting national economic policies. Based on a variety of experiences, trade point directors noted that trade points are an important national tool for integration with the global economy. They can help implement national economic reform programmes and support economic trade liberalization measures. In addition, trade points create and encourage free competition and strengthen private and

enterprise sector development. They spread the use of technology for trade, and are a force for the development of competitive services sectors. New trade opportunities activate national economic production and investment and bring new employment opportunities.

C. RECOMMENDATIONS BY THE TRADE POINT DIRECTORS

During the discussion, there was wide agreement among the trade point directors on the following recommendations:

1. Mobilize early and strong high-level support from the private sector and government to ensure smooth establishment.

2. Obtain technical assistance from UNCTAD, as it is essential for the establishment of trade points at various stages of operation. This assistance should be intensified.

3. Ensure that legal matters are clear in establishment procedures. Circulate existing articles of incorporation on a voluntary basis to provide trade points with guidance for their legal frameworks.

4. Develop trade point systems and services before investing in physical infrastructure.

5. Implement already-established international standards, especially UN/EDIFACT, to secure the interconnectivity of trade points within an open system.

6. Develop complementary business procedures and programmes through the trade point network for efficient exchange of information.

7. Develop training programmes to spread the use of international standards and the techniques necessary to use them, especially electronic data interchange (EDI).

8. Increase awareness of the benefits of trade facilitation measures at national levels (in one country, the debates caused by trade point experiences and studies have resulted in the reduction of the number of steps required for a trade transaction from 34 to 11).

9. Use as wide a selection of valid and reputable databases as possible.

10. Explore ways to lower costs of databases to trade points.

11. Increase participation in global trade by focusing assistance on small- and medium-sized enterprises.

12. Harmonize the interests of emerging and small professional associations within the same sector, offering them an opportunity for joint marketing, etc.

13. Provide assistance in trade transactions, as well as information.

14. Communicate with other trade points by use of an electronic newsletter.

15. Invite the Bureau of Working Party 4 of the Economic Commission of Europe to meet with the Bureau of the UNCTAD Ad Hoc Working Group on Trade Efficiency for the purpose of exploring ways of widening cooperation in the implementation of universal standards and trade facilitation processes.

16. Establish regularly scheduled periodic meetings of trade point directors.

17. Request UNCTAD to continue work on the issues of customs, trade facilitation, banking and insurance, information for trade, telecommunications and transport as they relate to the practical issues of trade point operations.

D. ISSUES REQUIRING FURTHER CONSIDERATION

During discussions it was generally felt that the following issues still required further consideration:

1. How to assist countries in establishing the legal framework of their Trade Efficiency Associations in order to blend private and public entities.

2. How to identify needs of and provide services to new entrants in international trade.

3. How to tailor trade point activities to reach those with the greatest need (i.e. small- and medium-sized enterprises).

4. How to choose trade point participants when there are numerous providers of the same service in the local community.

5. How to avoid monopoly situations when only one service-provider per sector is present at the trade point.

6. How to convince Governments and private and public enterprises to disclose information which they often consider proprietary.

7. Which measures to introduce to assist countries in diversifying from a few traders to many.

8. How to provide reliable databases of local products from economies in transition and other liberalizing economies with constantly changing products available for trade.

9. Determine ways for countries with small and fledgling private sectors to fund trade points, as investors tend to look for projects with immediate returns.

10. Ways of successfully adding investment promotion activities, including the development of, or use of existing, investment opportunity databases, to trade point operations.

11. How to disseminate standards and norms for electronic commerce.

12. Need for a protocol linking trade points.

Annex II

PREPARATIONS FOR THE UNITED NATIONS INTERNATIONAL SYMPOSIUM ON TRADE EFFICIENCY

1. As a result of the last joint meeting of the Bureau of the Ad Hoc Working Group on Trade Efficiency, the attached notional schedule can be considered as the current working basis for practical and substantive preparations for the Symposium.

A. Main elements contained in the "notional schedule"

2. The Symposium will be composed of a Senior Officials Segment (days 1 and 2) and a Ministerial Segment (days 3 to 5).

3. Senior Officials will:

(i) Receive the presentations and illustrations of the "best solutions" identified for each of the relevant sectors (customs, banking and insurance, transport, telecommunications, information for trade, trade facilitation) by the Working Group and its CAGE, and exchange views, experiences and further information;

(ii) On that basis, they will convey to the Ministers the relevant recommendations already prepared by the Working Group and its CAGE.

4. In the Ministerial Segment:

Trade efficiency will be addressed from a broader policy point of view. On the basis of the recommendations made by Senior Officials, Ministers will be expected to adopt a common declaration. Parts of this could include: (a) guidelines for trade efficiency, which member countries may decide to follow or adapt to their specific needs and situations; (b) expression of support for interconnecting trade points on a worldwide basis; and (c) launching of a technical assistance programme for the benefit of those members that are less advanced in the area of trade efficiency; (d) activities required on the international level to improve the environment for expanded application of international standards, including UN/EDIFACT.

B. Points remaining to be finalized

Organization of work in the Senior Officials Segment

5. The Symposium's Senior Officials Segment should be considered an extension of the Working Group and its CAGE. Thus, documents (reports, proposals and recommendations) will not be reopened in Columbus. The "best solutions" identified for the different sectors will be illustrated by videos and multimedia presentations. This segment will be devoted mainly to these presentations and ensuing discussions.

Topics for ministerial meetings

6. Clearly, the topics selected should meet three criteria:

(i) They should allow Ministers to address trade efficiency in an action-oriented fashion; the topics selected should allow practical conclusions and plans for cooperation or reform;

(ii) They should allow Ministers to link the objectives of trade efficiency to their own domestic agenda and broader social and economic objectives (employment, poverty alleviation, acquisition of technology and know-how, ...);

(iii) They should be "staged" in a manner that will attract the interest of participants as well as attention from the media.

7. The Executive Secretary of the Symposium will have the responsibility of setting up an "Advisory Board" composed of internationally known personalities with a record of innovativeness and efficiency and an interest in international trade. These individuals would contribute **in their personal capacity** to enriching and possibly introducing some of the subject-matters to be dealt with in the Ministerial Segment of the Symposium.

Documentation

8. The Bureau reviewed several different options concerning documents for the Symposium. Among the considerations were:

- Image of the meeting to fit the goals and philosophy of the subject;
- Time available for useful discussions and action plans;
- Impact on the media;
- Cost of the Symposium.

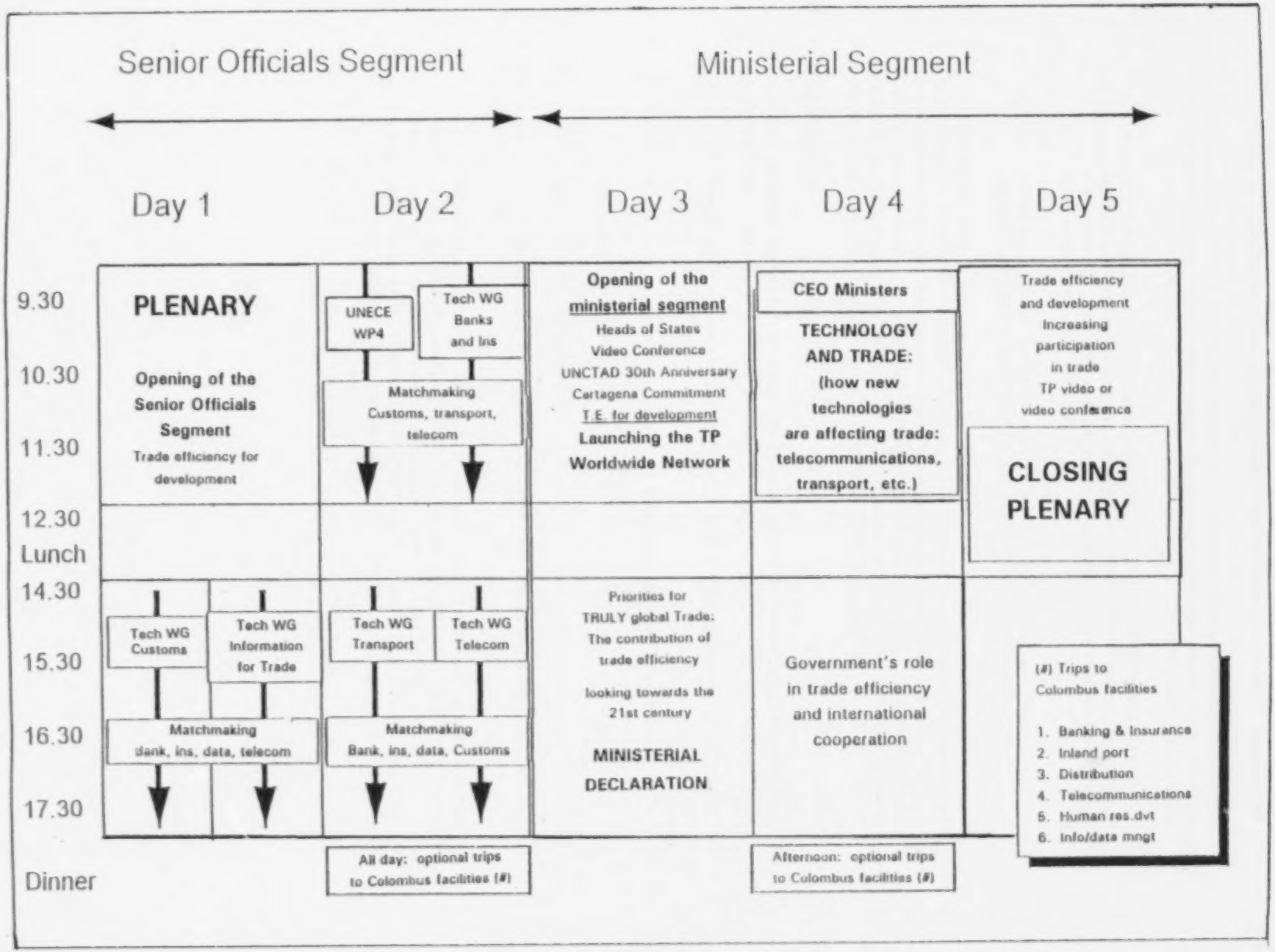
The Bureau recommends that documentation for the Symposium be handled in the following manner:

Working drafts of documents on customs, transport, banking and insurance, information for trade, telecommunications, and better trade practices will be prepared in January 1994, translated into all languages, and distributed by UNCTAD well in advance of the Working Group's late spring 1994 session. This will allow ample time for review

in capitals. Members will hold negotiations on the drafts during the spring (third) session of the Ad Hoc Working Group to produce consensus documents. These documents will be circulated to Governments prior to the Symposium. At the October 1994 United Nations International Symposium on Trade Efficiency, oral, audio and multi-media presentations will be the basis of discussions of "best solutions" during the Senior Officials meetings.

The Working Group will, also at its third session, negotiate a draft "Columbus Declaration on Trade Efficiency" which will be ready for Ministers' final approval at the Symposium.

NOTIONAL SCHEDULE



Annex III

PROVISIONAL AGENDA FOR THE THIRD SESSION OF THE AD HOC WORKING GROUP

1. Adoption of the agenda and organization of work

2. Governments' role in trade efficiency*

3. Progress on implementation of trade points and the trade point programme

4. Preparations for the United Nations International Symposium on Trade Efficiency

5. Consideration of guidelines on key sectors for trade efficiency: customs, transport, banking and insurance, information for trade, trade facilitation and telecommunications

6. Other business

7. Adoption of the report of the Ad Hoc Working Group to the Board.

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* This item will consist of the work envisaged for Workshop 2, as agreed in the Work Programme of the Ad Hoc Working Group.

Annex IV

ATTENDANCE 1/

1. The following States members of UNCTAD, members of the Ad Hoc Working Group, were represented at the session:

Algeria
Argentina
Belgium
Brazil
Canada
Chile
China
Czech Republic
Egypt
Finland
France
Germany
Greece
Hungary
India
Indonesia
Iran (Islamic Republic of)
Italy
Japan
Lebanon
Libyan Arab Jamahiriya
Madagascar
Malaysia
Malta
Mauritania
Mexico
Morocco
Myanmar
Netherlands
Nigeria
Norway
Pakistan
Philippines
Poland
Portugal
Republic of Korea
Romania
Russian Federation
Saudi Arabia
Senegal
Slovakia
Sri Lanka
Sweden
Switzerland
Tunisia
Turkey
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Venezuela
Zambia
Zimbabwe

2. The following other States members of UNCTAD, not members of the Ad Hoc Working Group, were represented as observers at the session:

Austria
Bolivia
Cameroon
Ecuador
Ethiopia
Gabon
Iraq
Ireland
Jamaica
Nepal
Oman
Panama
Peru
Spain
Sudan
Thailand
Viet Nam

1/ For the list of participants, see TD/B/WG.2/INF.2.

3. The Economic Commission for Europe and the Economic and Social Commission for Western Asia were represented at the session.

The International Trade Centre UNCTAD/GATT was also represented at the session.

4. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States
Customs Co-operation Council
Economic Community of West African States
European Community
Organization of African Unity.

5. The following non-governmental organizations were represented at the session:

General Category

International Chamber of Commerce
World Federation of United Nations Associations.

Special Category

Airlines' Worldwide Telecommunications and Information Services.

6. A representative of the following organization attended the session at the invitation of the UNCTAD secretariat:

Forum Francophone des Affaires.

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

REPORT OF THE AD HOC WORKING GROUP ON EXPANSION OF TRADING OPPORTUNITIES FOR DEVELOPING COUNTRIES ON ITS SECOND SESSION

held at the Palais des Nations, Geneva,
from 22 to 26 November 1993

UNITED NATIONS

TD/B/40(2)/4
TD/B/WG.4/8

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Geneva

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held at the Palais des Nations, Geneva,
from 22 to 26 November 1993

UNITED NATIONS
New York, 1993

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INTRODUCTION

1. The Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries held its second session at the Palais des Nations, Geneva, from 22 to 26 November 1993. In the course of the session, the Ad Hoc Working Group held two plenary meetings.

Opening statements

2. The **Deputy to the Secretary-General of UNCTAD** welcomed participants to the session which, he recalled, had originally been scheduled for 4 to 8 October 1993; however, in its review of the calendar of UNCTAD meetings, the Trade and Development Board during the first part of its fortieth session had decided, in light of the current resource constraints of the United Nations, to make certain adjustments to the schedule of UNCTAD meetings for the rest of 1993 and the biennium 1994-1995. In accordance with the revised calendar of meetings (TD/B/40(1)/INF.1), the second session of the Ad Hoc Working Group had been rescheduled to take place from 22 to 26 November 1993 while the third and fourth sessions would be held from 17 to 21 January 1994 and from 28 February to 4 March 1994, respectively.

3. He drew attention to paragraph 68 of the Cartagena Commitment whereby the Board was instructed to conduct a mid-term review of the implementation of decisions taken by the eighth session of the Conference. In consequence, the Board had decided that this review would take place at a resumed session of the second part of its fortieth session, scheduled for 25 to 27 May 1994. In accordance with its terms of reference, 1/ the Group was expected to complete its work within two years of the adoption of its terms of reference. In practical terms, this would mean that the Group should adopt its final report by its fourth session. The final report would thus be one of the key elements in the mid-term review.

4. He then emphasized the broad nature and purpose of the final report. The Ad Hoc Working Group had been called upon "to analyse the prospects for, and examine ways of, expanding the trading opportunities of developing countries for the diversification and growth of their export supply capability and for the enlargement and improvement of their export market opportunities". This involved more than an analysis or identification of relevant issues. It implied policy recommendations on implementable commitments at the national and international levels so as to increase the trading opportunities of developing countries. In carrying out this exercise, pursuant to paragraphs 18 and 47 of the Cartagena Commitment and the terms of reference of the Ad Hoc Working Group, "the Working Group should be inspired by the need to promote international consensus on principles and strategies for policy action at the national and international levels to enhance the development prospects of member States, particularly those of developing countries". Technical cooperation was another element to be covered in the final report. Recommendations on follow-up activities, as appropriate, could also be included. In this connection, UNCTAD VIII, in establishing the five ad hoc working groups to address trade and development issues, had given each ad hoc working group a two-year mandate which could be extended by a decision of the Trade and Development Board.

5. The **Chairman** emphasized that the Group's mandate and the work programme adopted at its first session had called for a final report that would be action-oriented and contain recommendations for policy action at the national and international levels to expand the trading opportunities of developing countries. The same report should also contain recommendations on technical cooperation and follow-up activities, as appropriate. The draft final report would be considered at the fourth and final session of the Ad Hoc Working Group. At its meeting on 16 September 1993, the Bureau had discussed various organizational matters concerning the work of the remaining sessions and agreed that it would be desirable to have a report on each session which would contain a Chairman's summary of the substantive discussion. These reports would present the main elements and orientations of the Group's work and provide a framework for an elaboration by the UNCTAD secretariat of the draft final report.

6. She mentioned that concern had been raised over the tight scheduling of future meetings, the uncertainty of when the results of the Uruguay Round would become available and the time needed to prepare the necessary background documentation including the UNCTAD secretariat's analysis of the effects of the outcome of the Uruguay Round on the trading opportunities of developing countries. However, the question of a timetable would be taken up later when the agenda for the third session was discussed. In the organization of work for the present session, the Bureau had agreed that supply-side issues would be examined first, followed by demand-side issues.

Chapter I

CONSIDERATION OF ISSUES ARISING FROM THE WORK PROGRAMME OF THE AD HOC WORKING GROUP

(a) Country presentations of national experience (export capabilities, market opportunities, export promotion and marketing)

(b) Export capabilities

(c) Market opportunities (environmental measures, structural adjustment policies, RBPs)

(d) Export promotion and marketing

(Agenda item 3)

7. For its consideration of this item, the Ad Hoc Working Group had before it the following documentation:

"Measures and incentives for enhancing the competitiveness of sectors with export potential in developing countries: evidence and lessons from experience"
Report by the UNCTAD secretariat (UNCTAD/ITP/90 and Corr.1);

"Market opportunities (environmental measures, structural adjustment policies, RBPs)"
Report by the UNCTAD secretariat (TD/B/WG.4/6);

"Establishment of the Work Programme of the Working Group"
Note by the UNCTAD secretariat (TD/B/WG.4/2);

"Export promotion and marketing"
Note by the UNCTAD/GATT International Trade Centre (TD/B/WG.4/Misc.11).

8. The **Director of the International Trade Division** commended the delegations which had come forward with country presentations on national experience in the areas identified in the work programme or had announced their intention to do so. He then introduced the three documents prepared for the meeting, covering the subtopics: (i) building export capabilities, (ii) expanding export market opportunities and (iii) export promotion and marketing. Sustained export growth depended crucially on two major parameters: an open international trading system offering wide access to export markets; and the existence of internationally competitive supply-capabilities in the developing countries. All developing countries were actively striving to increase their participation in international trade but many still had to build internationally competitive production bases with efficient agricultural, manufacturing and services sectors. The main impediments on the supply side included: lack of investment capital and goods; shortages of skilled labour; insufficient technological capabilities and inadequate physical infrastructure. Implementation of policies which supported rather than hampered export expansion was a challenge for developing

countries. The objective should be to reduce the incidence of uneconomic or counter-productive government interventions and controls while moving towards a set of policy measures geared to the pursuit of creating diversified, internationally competitive supply capabilities. Evidence from a number of developing countries which had recorded rapid export growth suggested that exchange rate devaluations (in real terms), export incentives, and the operation of export-processing free zones and special economic zones figured prominently in their trade policy measures. The policy mix had varied among countries and over time but, on the whole, trade liberalization had followed rather than accompanied export growth, with the exception of the liberalization of imports of inputs for export production.

9. An open international trading system offering the fullest access to export markets was a major parameter for sustained export growth of developing countries. The impact of environmental measures, structural adjustment policies, restrictive business practices and competition policies on market opportunities had been treated in the secretariat report. From an environmental perspective, the expansion of trading opportunities for developing countries could bring new market opportunities through the promotion of environmentally friendly products, while mitigating any adverse effects of environmental regulations, policies and standards upon their exports. "Green consumerism" might allow them to gain the loyalty of environmentally conscious consumers. It would be necessary, however, to watch that environmental regulations and standards did not adversely affect their trading opportunities by reducing the competitiveness of their exports, or in some cases even denying them access to certain markets.

10. As for structural adjustment policies and their impact on export opportunities, there was compelling evidence that developed market-economy countries needed to restructure or to disengage from production sectors in which they were losing international competitiveness. Many developing countries were still engaged in a development process which involved putting their supply capabilities on a broader base rather than restructuring individual production sectors. For this reason, developing countries would require external support.

11. He observed that, in the real world, markets did not always function perfectly, nor did efficient market structures emerge by themselves. Although competition rules and regulations usually existed and were enforced at the national level, at the international level this was seldom the case. All countries could make greater efforts to control restrictive business practices which adversely affected their trading opportunities. To this end, they could strengthen cooperation and consultations in areas where there was an interface between trade and competition policies. Real progress could be achieved if all countries adhered to the provisions of the United Nations Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices; by linking competition to trade policy, the private firms' barriers to trade would be brought under the discipline of the international trading system. This would safeguard the benefits of trade liberalization, reflect the realities of global competition and ensure a "level playing-field" for all, and especially for developing countries and their firms.

12. With regard to export promotion and marketing, he noted that, as most developing country producers/exporters were small and medium-size enterprises, trade support services, including the availability of pre-shipment and post-shipment export finance, formed an integral part of any successful strategy for export expansion. In this complex process, advances in communication technology and information processing - by enhancing trade information transmission and decision-making - could make a significant contribution to improving the trading opportunities of developing countries.

13. At its 5th (opening) plenary meeting on 22 November 1993 the Ad Hoc Working Group decided to discuss agenda item 3 in informal meetings.

Chapter II

PROCEEDINGS OF THE 6th (CLOSING) PLENARY MEETING

A. Action by the Ad Hoc Working Group on agenda item 3

14. At the Ad Hoc Working Group's 6th (closing) plenary meeting on 26 November 1993, the Chairman introduced a summary based on the country presentations, the documentation prepared by the UNCTAD secretariat and that of other international bodies and the discussions held during the session.

15. At the same meeting, the Ad Hoc Working Group decided to annex the Chairman's Summary to its report. For the text of the Summary, see Annex II.

16. The Ad Hoc Working Group at its 6th (closing) plenary meeting on 26 November 1993 endorsed the following two recommendations:

Recommendation 1

Bearing in mind its mandate, inter alia, to analyse and identify product and export market opportunities which are a consequence of trade measures to implement the results of the Uruguay Round, and noting the timing of the conclusion of the Uruguay Round, the Ad Hoc Working Group considers that it will be unable to complete its work before the mid-term review. Consequently, the Ad Hoc Working Group recommends to the Board to extend the period of the Group's mandate to the end of June 1994.

In this connection, the Group further recommends that its third session scheduled for 17-21 January 1994 be shifted to 28 February-4 March 1994 and that its fourth session be rescheduled for June 1994. The fourth session will be devoted to consideration of the results of the Uruguay Round and their effects on the trading prospects of developing countries, and to the preparation of the Group's final report to the Trade and Development Board.

The Group agreed to submit a report covering the progress achieved so far on its work to the Trade and Development Board, at its fortieth session, second part (resumed), mid-term review.

Recommendation 2

In order to prepare the background analyses necessary for the Group's consideration of the results of the Uruguay Round and their effects on the trading prospects of the developing countries, including identification of opportunities arising from the reduction of tariffs and non-tariff measures on products of export interest to them, the Ad Hoc Working Group agreed to request participants of the Uruguay Round to provide the UNCTAD secretariat at the earliest date feasible with final lists of concessions made in the Uruguay Round.

B. Concluding statements

17. The representative of **Greece**, on behalf of the **European Union and its member States**, expressed appreciation for the praiseworthy manner in which the Chairman had kept the Group functioning in such a cooperative and productive fashion.

18. The spokesman for the **Group of Latin American States** (Mexico) also commended the Chairman for the energy which she infused into the work of the Group. Under her skilful leadership the work had advanced and quite satisfactory results had been obtained.

19. The spokesman for the **Group of 77** (Algeria) paid tribute to the Chairman for the brilliant way in which she had led the session. He also thanked the secretariat for the high quality of the documentation which had helped the Ad Hoc Working Group to carry out its mandate which was to consider ways of expanding and diversifying the trading opportunities of developing countries, particularly through growth of exports.

20. The spokesman for the **Asian Group** (Nepal) wished to associate his statement with those of other delegations which had expressed thanks to the Chairman, as important achievements had been made under her able leadership. Thanks were also due to the Bureau and the UNCTAD secretariat for advancing the work of the Group.

21. The representative of the **Russian Federation** drew attention to the important question of increasing trade efficiency and of the great interest which this factor held for Russia and other countries in transition to a market economy. The Russian Federation thus looked forward to continued participation in the Ad Hoc Working Group.

22. The representative of **China** wished to be associated with the previous speakers who had voiced their thanks to all who had helped advance the work of the Group, and mentioned in particular the efforts of the secretariat to distribute the documentation and country reports in timely fashion.

23. The spokesman for **Group B** (Norway) noted that the skill and experience of the Chairman had greatly facilitated the work of the Group. Likewise, the Bureau's efforts and the secretariat's efficiency in producing documentation had been instrumental in advancing the work.

Chapter III

ORGANIZATIONAL MATTERS

A. Opening of the session

24. The second session of the Ad Hoc Working Group was opened on 22 November 1993 by the Chairman.

B. Election of officers 2/

(Agenda item 1)

25. At its 5th (opening) plenary meeting on 22 November 1993, the Ad Hoc Working Group elected Messrs. I. Kinnas (Greece) and Y. Afanassiev (Russian Federation) as Vice-Chairmen to replace Messrs. A. Cambitsis (Greece) and V. Kouvshinov (Russian Federation) who were unable to attend. At its 6th (closing) plenary meeting on 26 November 1993 the Ad Hoc Working Group elected Mr. P. Hutabarat (Indonesia) to replace Mr. A. Hassain (Bangladesn) who had also not been able to attend. Accordingly, the Bureau of the Ad Hoc Working Group at its second session was constituted as follows:

Chairman:	Mrs. Magda Shahin (Egypt)
Vice-Chairmen:	Mr. I. Kinnas (Greece) Mr. P. Hutabarat (Indonesia) Mr. C. Sinencio (Mexico) Mr. Y. Afanassiev (Russian Federation) Mr. H. Dzvimbo (Zimbabwe)
Rapporteur:	Mr. Dietmar-Gert Lackner (Austria)

C. Adoption of the agenda and organization of work

(Agenda item 2)

26. At its 5th (opening) plenary meeting on 22 November 1993, the Ad Hoc Working Group adopted its provisional agenda (TD/B/WG.4/5) as follows:

1. Election of officers

2. Adoption of the agenda and organization of work

3. Consideration of issues arising from the work programme of the Ad Hoc Working Group:

   (a) Country presentations of national experience (export capabilities, market opportunities, export promotion and marketing)

   (b) Export capabilities

(c) Market opportunities (environmental measures, structural adjustment policies, RBPs)

(d) Export promotion and marketing

4. Provisional agenda for the third session of the Ad Hoc Working Group

5. Other business

D. Provisional agenda for the third session of the Ad Hoc Working Group

(Agenda item 4)

27. At its 6th (closing) plenary meeting on 26 November 1993, the Ad Hoc Working Group adopted the draft provisional agenda for its third session (TD/B/WG.4/L.5). For the text of the provisional agenda, see Annex I.

E. Other business

(Agenda item 5)

28. Upon the suggestion of **Nepal**, that the names of countries which had made presentations of their national experience under agenda item 3 (a) in the informal meetings be reflected in the report, the Ad Hoc Working Group decided to include a list of these countries in the report of its second session (see Annex IV).

29. Some delegations had expressed a desire for an informal summary account of individual statements made during the informal discussions. Although normally such records are not kept for informal meetings, the Ad Hoc Working Group requested that the UNCTAD secretariat, on a selective basis and within available resources, provide as of the third session such a summary account in English only.

F. Adoption of the report of the Ad Hoc Working Group to the Trade and Development Board

30. At its 6th (closing) plenary meeting on 26 November 1993 the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries adopted the draft report of its second session (TD/B/WG.4/L.4) and authorized the Rapporteur to complete the final text as appropriate.

Notes

1/ For the terms of reference of the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries, see Trade and Development board decision 398 (XXXVIII), annex, section C.

2/ In accordance with the decision taken by the Trade and Development Board at the first part of its thirty-ninth session, the officers elected at the first session of the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries are to remain in office for the duration of the life of the Ad Hoc Working Group.

Annex I

PROVISIONAL AGENDA FOR THE THIRD SESSION OF THE AD HOC WORKING GROUP ON EXPANSION OF TRADING OPPORTUNITIES FOR DEVELOPING COUNTRIES

1. Election of officers

2. Adoption of the agenda and organization of work

3. Consideration of issues arising from the work programme of the Ad Hoc Working Group:

   (a) Country presentations of national experience (export capabilities, market opportunities, export promotion and marketing)

   (b) Market opportunities (regional integration arrangements, environmental measures)

   (c) Technical cooperation

4. Provisional agenda for the fourth session of the Ad Hoc Working Group

5. Other business

6. Adoption of the report of the Ad Hoc Working Group to the Trade and Development Board, fortieth session, second part (resumed), mid-term review.

Annex II

CHAIRMAN'S SUMMARY

On the basis of the country presentations, the documentation prepared by the secretariat and other international bodies, and the discussions, the Chairperson summed up the results of the session, as follows:

I. Building export capabilities

1. Role of Government and business community in fostering the development of internationally competitive export capabilities in developing countries

It was felt that the Government in developing countries had an important role to play in fostering the development of internationally competitive export capabilities. This role included the collection and dissemination of economic information, the creation of a competitive economy, and the setting of the basic framework for the overall management of the economy. It was also stressed that the Government, in setting priorities and strategies for building internationally competitive export capabilities, should do so in close cooperation with the business community which has a major role to play in building effective export capacity. Continuity in Government policies for export development was felt to be crucial for success. As export capabilities were built up and business institutions matured, the direct role of the Government should be diminished. Flexibility in responding to changing market conditions was important for the Government in setting policies, as well as for the business community which has to adapt to the consumer's needs and demands.

Prerequisites for building internationally competitive export capabilities included:

(i) sound macro-economic management (including price stability and a realistic exchange rate policy)

(ii) fostering of entrepreneurship and competition

(iii) development of human skills and technology

(iv) full mobilization of domestic resources

(v) growth-oriented saving and investment policies

(vi) improvement of infrastructure (e.g. transportation systems, telecommunications, institutional capacity, etc.)

(vii) availability of external financial resources

Each country would need to choose its own policy mix based on its economic circumstances, particularly the developmental stage of its industries and market-based institutions.

2. Export incentives

Export incentives targeted to sectors with an export potential have proven an effective tool for diversifying the productive base and for strengthening the development of internationally competitive export capabilities. The policy measures employed have included:

(i) performance-based fiscal incentives (e.g. reduction or exemption from taxation, and duty rebates) tied to the export value attained;

(ii) financial incentives covering a wide range of financing needs in the pre- and post-shipment stages (including preferential loans, export credit guarantees and insurance);

(iii) an import policy aimed at optimizing the contribution of imports (i.e. access to imported inputs such as raw materials, components, machinery or spare parts) to making exports competitive;

(iv) institutional support (including manpower skill development and technology acquisition).

To ensure efficiency, export incentives should be kept moderate in terms of their subsidy element, so that the allocative forces of the market were not suppressed, and that foreign exchange was earned at relatively low domestic resource cost. In this connection, incentives should be subject to regular review to ascertain that they continue to generate net benefits. With progressing development, countries had often shifted from the use of direct incentive measures to measures which were more indirect in their impact. Incentives should be consistent with GATT provisions.

3. Foreign direct investment

Taking into account the work of other relevant UNCTAD bodies, it was stressed that FDI could make a major contribution to strengthening the export capabilities of developing countries. The importance of trust and confidence in the economy and the economic policies of developing country Governments were highlighted in this connection. Measures employed by "host" countries to attract FDI had included: the introduction of transparent and non-discriminatory legal and regulatory systems; relaxation of equity restrictions and local purchase requirements, free transfer of profits and capital repatriation, fiscal and financial incentives, supportive infrastructure, and preferential access to imports.

Export processing zones (EPZs) had proven a successful device for attracting FDI and thus for building export capabilities.

4. Technological and human resource development

Human resource development, including the acquisition of skills, technical education and disciplined work habits, was vital for developing the competitiveness of the export sector and for sustained development of export

capabilities. High priority should be given to investments in this area. The acquisition and generation of high level technology was also important for establishing international competitiveness. An educated and skilled workforce can more easily absorb new technologies.

5. Import liberalization

It was noted that temporary protection from import competition had been used to nurture the development of "infant" industries in many developing countries. In view of the wide structural and capability differences that exist among developing countries and their production sectors, a uniform prescription regarding import liberalization was difficult to make. On the basis of experience, a phased liberalization of imports had proven to be effective in promoting the international competitiveness of the production base. In some cases, when export capabilities had already been built up, a rapid liberalization of imports could induce enterprises to adopt measures to improve their productivity and international competitiveness.

II. Expanding export market opportunities

1. Environmental measures

Regarding environmental measures and international trade, it was noted that the market opportunities for developing countries could be expanded both by mitigating any adverse effects of environmental policies, standards and regulations on exports, and by actively seeking new market opportunities through the promotion of environmentally friendly products.

Recalling the conclusions of the deliberations on trade and environment at the fortieth session of the Trade and Development Board, the importance of increased transparency was stressed as well as the need to consider, to the greatest extent possible, the impacts of environmentally motivated policy instruments, for example in the areas of packaging, labelling and recycling, on trading partners, in particular exporters in developing countries and countries in transition. This should be done at the earliest stage possible of policy development. In this connection, it was noted that the inclusion of environmental measures with possible trade effects in the UNCTAD database on Trade Measures could make a useful contribution and that progress on work in this area, as well as additional information requirements, could be discussed at the next session of the Group. It was felt that the Group should continue its consideration of environmental measures and trading opportunities at its next session. In this connection, the Group will be briefed by the secretariat on its ongoing technical cooperation work in the area of trade and environment, including eco-labelling. The proposal of ITC to present a paper was welcomed.

2. Structural adjustment

1. It was felt that the interest of all countries converged in having a dynamic process of change and adaptation to shifting comparative advantage and international competitiveness. It was emphasized that structural adjustment policies should be conducive to the disengagement of resources from sectors

losing their comparative advantage and should promote resource flows into sectors with long-term growth potential and high productivity. In this way adjustment assistance policies would help to open up new export opportunities for developing countries.

2. Furthermore, it was observed that the development of a "social partnership" between Governments and the private sector could contribute significantly to a process of positive structural adjustment. In this regard, national transparency mechanism could play an important role.

3. It was noted that developed countries had implemented a wide range of industrial support programmes. While the efforts of these countries to strengthen positive structural adjustment policies were recognized, it was also stressed that to some extent government support policies in the developed countries remained defensive in nature, attempting to maintain production in sectors where their economies were losing competitive strength. It was also noted that developing countries at relatively more advanced stages of economic development found themselves increasingly confronting the need to disengage from traditional labour-intensive production sectors, to promote shifts towards more sophisticated higher-value added industries, and hence to adopt appropriate structural policies.

4. It was noted with respect to the countries in transition, that as they undergo their structural adjustment process, rehabilitate and modernize their productive bases including their technological capabilities, it would be appropriate to focus on sectors where they had a comparative advantage in international trade. It was also pointed out that development of market-based institutions was essential to provide the framework in which the private sector could successfully build supply capabilities.

5. Finally, it was emphasized that a successful outcome of the Uruguay Round, involving significant progress in trade liberalization, would provide a strong stimulus to the process of positive structural adjustment. Adjustment pressures as a consequence of increased liberalization would force both Governments and the private sector to step up their efforts in pursuance of strategies and policies which promoted a more efficient reallocation of productive resources and which, hence, would open up new export opportunities for other trading partners, including the developing economies.

3. Restrictive business practices

It was felt that RBPs could impede or negate the market opportunities of developing countries that would arise from the liberalization of tariff and non-tariff barriers affecting international trade. Therefore, countries should adopt and vigorously enforce competition policy and be encouraged by the Trade and Development Board to strengthen cooperation towards this end. Taking into account the work of the Intergovernmental Group of Experts on Restrictive Business Practices, it was also felt that UNCTAD should study the interface between competition and international trade with particular emphasis on the trading opportunities of developing countries, and prepare guidelines on competition policy.

III. Export promotion and marketing

The establishment by developing countries of efficient trade-support services to address certain problems, such as the lack of market information, risk in exporting and poor quality, design and packaging of goods, had been an important tool in assisting small and medium-sized producers/potential exporters to penetrate overseas markets. In this connection, note was taken that a number of developed countries had established national import promotion offices to provide information and other marketing assistance to developing country exporters in their markets. It was also noted that better communication and information processing technology, by enhancing trade-information transmission and decision-making could assist developing countries in taking advantage of market opportunities.

It was recognized that least developed countries had specific needs with regard to export promotional and marketing activities which some countries attempted to meet through appropriate measures. The need for more countries to take similar action in favour of least developed countries was highlighted.

Annex III

MEMBERSHIP AND ATTENDANCE a/

1. The following States members of UNCTAD, members of the Ad Hoc Working Group, were represented at the session:

Algeria
Austria
Brazil
China
Côte d'Ivoire
Cuba
Democratic People's Republic of Korea
Egypt
France
Germany
Ghana
Greece
Hungary
India
Indonesia
Iran (Islamic Republic of)
Japan
Libyan Arab Jamahiriya
Madagascar
Mexico
Morocco
Myanmar
Netherlands
Nigeria
Norway
Pakistan
Philippines
Republic of Korea
Romania
Russian Federation
Senegal
Slovakia
Sri Lanka
Sudan
Switzerland
Turkey
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Venezuela
Zimbabwe

2. The following other States members of UNCTAD, not members of the Ad Hoc Working Group, were represented as observers at the session:

Afghanistan
Argentina
Bolivia
Ecuador
Ethiopia
Finland
Ireland
Jamaica
Nepal
Oman
Panama
Paraguay
Portugal
Qatar
Spain
Thailand
United Arab Emirates
Viet Nam

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a/ For the list of participants, see TD/B/WG.4/INF.2.

3. The European Community was also represented.

4. The United Nations Environment Programme was represented at the session. The International Trade Centre UNCTAD/GATT was also represented at the session.

5. The following specialized agency was represented at the session:

International Monetary Fund

6. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States
Organization of African Unity

7. The following non-governmental organizations were represented at the session:

General Category

Ibero-American Association of Chambers of Commerce
International Bar Association
World Assembly of Small and Medium Enterprises
World Federation of United Nations Associations

Annex IV

COUNTRY PRESENTATIONS OF NATIONAL EXPERIENCE

The following countries took the floor to make presentations to the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries during informal meetings held at its second session:

Bolivia	Oman
France	Panama
Germany	Republic of Korea
India	Romania
Japan	Russian Federation
Mexico	Switzerland
Nepal	Turkey
Norway	United States of America

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